
October 1996

CHILD SUPPORT ENFORCEMENT

Reorienting Management Toward Achieving Better Program Results





United States
General Accounting Office
Washington, D.C. 20548

**Health, Education, and
Human Services Division**

B-271600

October 25, 1996

The Honorable William V. Roth, Jr.
Chairman, Committee on Finance
United States Senate

Dear Mr. Chairman:

This report, prepared at your request, examines the federal Office of Child Support Enforcement's (OCSE) management of the nation's child support enforcement program. It evaluates the progress OCSE has made in implementing previous GAO recommendations to reorient its management of the program toward results and makes recommendations to the Secretary of Health and Human Services.

We will send copies of the report to the Secretary of Health and Human Services; the Ranking Minority Member of the Senate Committee on Finance; and the Chairmen and Ranking Minority Members of the Senate Committee on Governmental Affairs; the House Committee on Government Reform and Oversight; and the House Subcommittee on Human Resources, Committee on Ways and Means. We also will send copies to other interested parties and make copies available to others upon request.

Please contact us—Jane L. Ross at (202) 512-7215 or L. Nye Stevens at (202) 512-8676—if you have any questions. Other GAO contacts and major contributors to this report are listed in appendix IV.

Sincerely yours,

Jane L. Ross
Director, Income Security Issues
Health, Education, and Human Services Division

L. Nye Stevens
Director, Federal Management and
Workforce Issues
General Government Division

Executive Summary

Purpose

Each year, the Department of Health and Human Services' (HHS) Office of Child Support Enforcement (OCSE) and state child support programs face the growing needs of millions of individuals seeking child support services. In 1995, OCSE reported an estimated caseload of 20.1 million custodial parents seeking such services through the nation's child support enforcement program, an increase of about 50 percent over the total caseload reported in 1991. States collected about \$10.8 billion in child support payments for 3.8 million of these cases in 1995, or about 19 percent of the caseload.¹

In 1994, GAO reported that the child support enforcement program lacked essential management tools to improve its responsiveness to the child support needs of children and families. As a result, GAO recommended that OCSE focus its program management on long-term outcomes by (1) strengthening its partnership with state and local child support enforcement programs to improve operations, (2) developing its own management strategies for helping to achieve national program goals, (3) reorienting its audit function to assess state program results, and (4) redesigning the federal incentive funding structure to provide greater impetus for improved state performance. OCSE agreed to address GAO's recommendations through implementation of the Government Performance and Results Act (GPRA) of 1993, legislation to promote efficiency and effectiveness of federal programs and establish a system to set goals for program performance and measure results.² At the request of the Chairman, Senate Committee on Finance, this report assesses OCSE's progress in addressing GAO's recommendations.

Background

The child support enforcement program, established in 1975 under title IV-D of the Social Security Act, provides services such as locating absent parents, establishing paternity, obtaining and enforcing child support orders, collecting support payments, and enforcing court-mandated requirements to provide health insurance for eligible children. In 1995, recipients included about 10.8 million families who received Aid to Families With Dependent Children (AFDC) benefits and about 9.3 million families who did not. State and local governments administer the program, and OCSE establishes national policies and monitors state and local

¹In response to growing caseloads, some states have moved to privatize the collection of child support payments. See *Child Support Enforcement: States and Localities Move to Privatized Services* (GAO/HEHS-96-43FS, Nov. 20, 1995) and *Child Support Enforcement: States' Experience With Private Agencies' Collection of Support Payments* (GAO/HEHS-97-11, Oct. 23, 1996).

²For a more detailed discussion of GAO's earlier findings, see *Child Support Enforcement: Families Could Benefit From Stronger Enforcement Program* (GAO/HEHS-95-24, Dec. 27, 1994).

programs. Program costs are shared by the federal and state governments, with the federal government paying about two-thirds of state program costs, about \$2.1 billion in 1995.

Recent federal initiatives, such as GPRA, have attempted to improve program management throughout the government by focusing managerial priorities and accountability on the intended outcomes of federal programs and services, rather than on resource or activity measures, such as staffing levels and tasks completed. GPRA's stated purpose is to improve program effectiveness, service delivery, and congressional decision-making.

To reorient federal planning and management toward program results, GPRA requires federal agencies to (1) develop strategic plans containing mission statements and outcome-related strategic goals, (2) develop annual performance goals and indicators, and (3) prepare annual reports with information on the extent to which the agency has met its annual performance goals. In addition to these steps, a key practice used by federal and state agencies in reinforcing results-oriented management is to create incentives that increase accountability for results.³

Results in Brief

OCSE is making progress in reorienting its management of the child support enforcement program toward program results. For example, OCSE and the states approved 5-year national goals and objectives for increasing the number of paternities established, support orders obtained, and collections received, thereby focusing OCSE's management orientation on key program outcomes. In addition, OCSE has negotiated voluntary performance agreements with states specifying intended state program results. As a critical next step, OCSE needs to develop its own long-term strategies for how it will help achieve the national program goals. Such a plan should prioritize OCSE's responsibilities, specify intended results, and develop measures for assessing its own performance.

As OCSE reorients its management of the child support enforcement program, it faces additional challenges in fostering improved state program results. For example, OCSE's audits continue to focus on state compliance and it has not yet begun to audit state progress toward achieving program goals, as GAO previously recommended. Several reasons that OCSE officials cited for not auditing state program results include the

³These steps and related critical practices are described in more detail in Executive Guide: Effectively Implementing the Government Performance and Results Act (GAO/GGD-96-118, June 1996).

lack of performance measures coupled with the absence of penalties for poor-performing states, as well as limited staff resources to conduct both compliance and program results audits. GAO believes, however, that OCSE has the experience and expertise to readily design and implement program results audits. Moreover, the resource issue will be mitigated by the 1996 welfare reform legislation, which vests primary responsibility for reviewing compliance with the states.⁴

Another obstacle facing OCSE is a federal incentive funding structure that is based on maximizing child support collections relative to administrative costs rather than reflecting all the program goals, thus limiting its use as an incentive for improved results. GAO found that all states currently receive some incentive payments regardless of how well they perform such functions as collecting support payments. The current incentive payment structure does not base payments on paternities and support orders established.

Under the welfare reform legislation enacted in August 1996, HHS and the states are required to develop a new incentive funding structure and report to the Congress by March 1, 1997. The legislation does not specify the contents of the new structure. In contrast to current federal incentive funding, GAO sees this new legislation as an opportunity for HHS to more strongly link incentive funding with demonstrated state performance.

Principal Findings

Jointly Developed Goals Strengthen Federal/State Partnership

In February 1995, OCSE and the states approved the program's first national strategic plan containing jointly developed outcome-oriented goals and objectives for increasing the number of paternities and support orders established and the amount of collections received. For each goal, such as establishing paternity for all children, OCSE and the states have identified objectives or interim results that must be achieved to meet a stated goal. Under paternity establishment, for example, the objective is to increase establishment of paternities within 1 year of birth. OCSE and most state officials that GAO contacted believe the joint planning process has strengthened the federal/state partnership by enabling them to help shape the national program's long-term goals and objectives.

⁴The Personal Responsibility and Work Opportunity Reconciliation Act of 1996.

OCSE and states have also developed voluntary performance agreements that project expected increases in paternities established, support orders obtained, and collections received in each state. OCSE officials believe, however, that without legislation that ties the incentive funding structure to state performance, they cannot effectively use these agreements as a tool to help achieve the national goals. For example, if a state met or exceeded its goals for establishing paternities and obtaining support orders, the current structure would not reward its progress.

Because states often need help planning and implementing their child support enforcement programs, OCSE has provided information on how to implement new legislative requirements, such as procedures for suspending and revoking the driver's or other licenses of parents who have not met their child support obligations. OCSE officials and most state program officials believe that OCSE has been responsive to their requests for technical assistance. However, officials in four states that GAO contacted said that OCSE should provide additional assistance to improve state program results. For example, officials in Alabama said that it would be helpful if OCSE developed staffing standards, as currently required by federal law, to assist states in their workload management.

OCSE Needs Its Own Long-Term Strategies for Helping to Achieve National Goals

To complement state efforts, OCSE also recognizes the need to develop its own strategies for how it will contribute to achieving the national program goals by establishing its own priorities, projecting anticipated results from its operations, and developing performance measures to assess its own performance. GAO reported earlier that OCSE did not have a planning process that focused on outcomes for its role in leading the program.⁵ Beginning in 1995, OCSE established for its top managers annual performance agreements that are intended to hold managers and staff accountable for implementing certain tasks and responsibilities, such as promoting effective collection techniques. In addition to these annual agreements, however, OCSE also needs to develop its own long-term management strategies for how it will help achieve the newly established program goals.

⁵GAO/HEHS-95-24, Dec. 27, 1994.

OCSE Faces Additional Challenges in Fostering Improved State Program Results

Effective oversight mechanisms, such as conducting results-oriented audits and obtaining accurate and comparable state-reported data, are management tools that can help foster state progress toward increasing the number of paternities established, support orders obtained, and collections received. GAO previously reported that OCSE audits were focused on processes and not state program results. OCSE had included over 50 criteria for assessing compliance with federal requirements and state program procedures. To provide a more results-oriented oversight capability, GAO previously recommended placing greater emphasis on auditing state program results.

OCSE has not yet begun to audit state program results. Its officials told GAO that they could not effectively audit these results without approved performance measures and penalties to enforce audit findings. In addition, OCSE officials believe that their staff resources would be strained by conducting both program results and legislatively required compliance audits. Without such audits, states continue to believe that OCSE's compliance audits are not an effective management tool to help them improve program results.

GAO believes that OCSE should conduct program results audits to investigate problems that inhibit the effectiveness of state programs and recommend, when appropriate, corrective actions. OCSE has the expertise and knowledge that would allow it to design and conduct such audits. Moreover, the 1996 welfare reform legislation requires states to review and report annually on their compliance with federal program requirements. Instead of conducting compliance audits, OCSE is required under the new legislation to review the states' compliance reports and provide them with comments, recommendations for corrective actions, and technical assistance. These changes should reduce OCSE's workload previously associated with compliance audits and allow it to begin conducting program results audits.

While it has not yet audited state program results, OCSE has made efforts to simplify its audit processes and assess the accuracy of state-reported data. In December 1994, OCSE streamlined its audits by reducing the number of audit criteria for determining state compliance with federal requirements. For example, OCSE reduced the number of criteria to assess state compliance with required procedures for opening and closing child support enforcement cases. Beginning in 1994, OCSE also increased its emphasis on auditing the accuracy of state program data and the systems through which states report their data to OCSE. At the time of GAO's review,

OCSE had conducted reporting system reviews in 20 states, most of which found data inaccuracies and unreliable reporting systems.

In addition to data inaccuracies reported through OCSE's audits, discrepancies among state programs' data also magnify difficulties in assessing state performance. OCSE officials believe that data discrepancies, such as differences in how states define a child support case, reflect variances in state domestic law and other dissimilarities in state-administered programs. Recognizing these difficulties, OCSE has attempted to improve the comparability of performance data by establishing standard definitions for its performance measures and pilot testing those measures. In response to OCSE's request, six states are participating in the pilot.

Federal Incentive Funding Structure Remains Weakly Linked With State Performance

A major constraint to OCSE's achieving results-oriented management of the child support enforcement program has been the lack of a funding structure that has real financial incentives for improved state results. The incentive funding structure remains weakly linked with state program performance. Incentive payments, based on a ratio of collections to state program costs, do not consider state progress toward achieving the other two national goals of establishing paternities and obtaining support orders. In addition, states can be awarded 6 to 10 percent of their collections based on their collections-to-cost ratio, and all receive at least 6 percent in incentive funds regardless of how well or poorly they perform.

OCSE and state officials that GAO interviewed agreed that the current incentive funding structure needs to be improved. The newly enacted Personal Responsibility and Work Opportunity Reconciliation Act of 1996 requires HHS and the states to develop a revised incentive funding structure that must be revenue-neutral to the federal government and report to the Congress by March 1, 1997. The new structure will become effective for fiscal year 2000. The legislation does not say how the new incentive funding structure should be revised. GAO believes that a new structure should base incentive payments on an assessment of state progress toward meeting each of the three program goals. For such a structure to provide real impetus for improved performance, it must also utilize approved performance measures and audits of state program results.

Recommendations

GAO is making a number of recommendations to the Secretary of HHS that include having OCSE develop its own long-term management strategies and

program priorities, conduct program results audits of state progress toward achieving the national program goals, and include payments in the new incentive system, required by recent welfare reform legislation, that are based on state progress toward achieving the program goals.

Agency Comments

HHS expressed its commitment to moving forward in the direction of GAO's recommendations (see app. III). For example, OCSE has created a series of federal/state work groups to address longer-term issues and planned major enhancements to the Federal Parent Locator Service. As OCSE proceeds, GAO believes that OCSE also should ensure that it has strategies to establish its own priorities, specify anticipated results from its program activities, and develop measures to assess its performance.

While HHS cited welfare reform legislation that requires that OCSE assess the accuracy of state-reported data, GAO believes that OCSE's audit function should also address why states have not met performance targets and make recommendations for improvement.

HHS also stated that OCSE has made progress toward revising the basis on which states receive incentive payments. While these steps show promise in strengthening the linkage between the incentive funding structure and state performance, the revised structure, when fully implemented, should base payments on state progress made toward achieving all three program goals as GAO recommends.

GAO also obtained comments on selected segments of the draft report from four states included in its review. These states and HHS provided technical comments that GAO incorporated in the final report as appropriate.

Contents

| | | |
|--|--|----|
| Executive Summary | | 2 |
| Chapter 1 | | 12 |
| Introduction | Child Support Enforcement Program Overview | 12 |
| | GAO-Reported Management Challenges | 16 |
| | GPRA Provides Opportunity for OCSE to Manage for Results | 16 |
| | Scope and Methodology | 18 |
| Chapter 2 | | 22 |
| Federal/State Partnership Strengthened; OCSE Needs Its Own Strategies to Manage for Results | OCSE and the States Developed National Goals and Objectives and Strengthened Their Partnership | 22 |
| | OCSE Needs to Develop Its Own Strategies to Help Achieve National Goals and Objectives | 26 |
| Chapter 3 | | 28 |
| OCSE Faces Additional Challenges in Fostering Improved State Program Results | Despite Improvements, OCSE Audits Remain Compliance Focused | 28 |
| | While Efforts Attempt to Resolve Data Problems, Discrepancies Among States Magnify Challenges in Assessing Performance | 31 |
| | Federal Incentive Funding Structure Remains Weakly Linked to State Performance | 32 |
| Chapter 4 | | 34 |
| Conclusions, Recommendations, and Agency Comments | Recommendations | 35 |
| | Agency Comments | 35 |
| Appendixes | Appendix I: Local Participation in OCSE's GPRA Pilot Project | 38 |
| | Appendix II: Selected Program and Demographic Characteristics of Case-Study States | 40 |
| | Appendix III: Comments From the Department of Health and Human Services and Our Evaluation | 41 |
| | Appendix IV: GAO Contacts and Staff Acknowledgments | 45 |

| | | |
|-----------------------------|---|----|
| Related GAO Products | | 48 |
| Tables | | |
| | Table 1.1: HHS Regional Offices Contacted and the Corresponding State or Local Child Support Enforcement Programs | 21 |
| | Table 2.1: Child Support Enforcement Goals Developed Jointly by OCSE and State Program Officials | 23 |
| Figures | | |
| | Figure 1.1: The Federal/State Partnership in the Child Support Enforcement Program | 14 |
| | Figure 1.2: States Selected for Case Studies of Child Support Enforcement Programs | 19 |
| | Figure 1.3: States Selected by OCSE for GPRA Pilot Projects | 20 |

Abbreviations

| | |
|------|--|
| ACF | Administration for Children and Families |
| AFDC | Aid to Families With Dependent Children |
| GPRA | Government Performance and Results Act of 1993 |
| HHS | Department of Health and Human Services |
| METS | Measuring Excellence Through Statistics |
| OCSE | Office of Child Support Enforcement |
| OMB | Office of Management and Budget |

Introduction

The general well-being of children and families is a critical national policy goal. Current priorities aimed at protecting children and preserving families include an effective child support enforcement program to meet the needs of millions of parents who annually seek child support for their eligible children. In our report, Child Support Enforcement: Families Could Benefit From Stronger Enforcement Program (GAO/HEHS-95-24, Dec. 27, 1994), we found that the Office of Child Support Enforcement (OCSE) lacked essential management tools, such as programwide planning and goal-setting, to assess and improve program performance. On the basis of these findings, we made several recommendations to strengthen OCSE's leadership and management of the program. Given the need to improve program management, the Chairman, Senate Committee on Finance, asked us to assess the progress that OCSE has made in implementing our previous recommendations.

Child Support Enforcement Program Overview

A rise in welfare costs resulting from out-of-wedlock birth rates and parental desertion, coupled with a growing demand to relieve taxpayers of the financial burden of supporting these families, prompted the Congress to create the national child support enforcement program. Created in 1975 under title IV-D of the Social Security Act, the program's purpose is to strengthen existing state and local efforts to find noncustodial parents, establish paternity, obtain support orders, and collect support payments. The national program incorporated the already existing state programs.

Increasingly, the child support enforcement program has faced the growing demands of millions of children and families seeking support payments. In 1995, the program reported an estimated 20.1 million cases, an increase of about 50 percent over the previous 5 years. In that year, states collected about \$10.8 billion in child support payments for 3.8 million cases, or 19 percent of the program's caseload. Expenditures to administer the child support enforcement program totaled about \$3.0 billion, of which \$2.1 billion was paid by the federal government. In response to the growing caseloads and as a way to improve performance, some states have privatized child support enforcement services to supplement their own state-administered programs.⁶

The program serves two populations: families receiving Aid to Families With Dependent Children (AFDC)⁷ and those who do not. The Congress

⁶GAO/HEHS-96-43FS, Nov. 20, 1995, and GAO/HEHS-97-11, Oct. 23, 1996.

⁷As of July 1, 1997, AFDC will be replaced by block grants under the Temporary Assistance for Needy Families program.

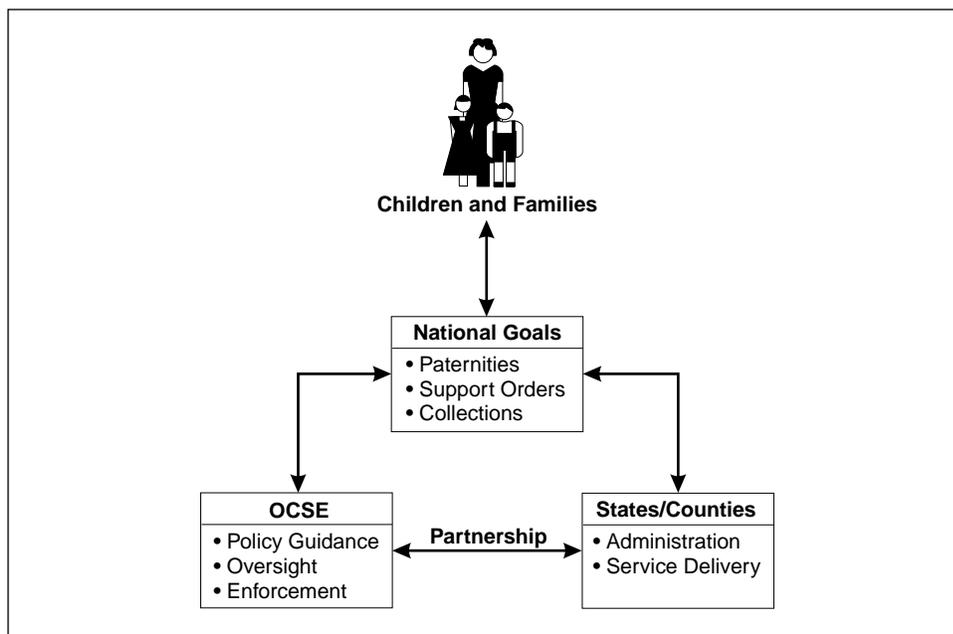
believed that government welfare expenditures could be reduced and to some extent prevented by recouping AFDC benefits from noncustodial parents' child support payments. In addition, the Congress believed that earlier enforcement of child support obligations for families not receiving AFDC could help prevent these families from needing support in the form of welfare benefits.

Families entering the child support enforcement program require different combinations of services at different times. In some cases, the child's paternity has not been established and the location of the alleged father is unknown. In these cases, the custodial parent needs help with every step: locating the alleged father, establishing paternity and a child support order, enforcing the order, and collecting the support payment. In other cases, the custodial parent may have a child support order, and child support enforcement agencies must periodically review and, possibly, modify the order as a result of changes in the employment status or other circumstances pertaining to the noncustodial parent. For AFDC recipients, the family receives the first \$50 of any current child support payment each month without a decrease in its AFDC payment.⁸ Any remainder of the child support payment is retained by the federal and state governments in proportion to their respective AFDC payments. Payments that are collected on behalf of non-AFDC families are sent to the families.

The child support enforcement program is an intergovernmental program involving the federal, state, and local governments. Federal responsibility for the program lies within the Department of Health and Human Services' (HHS) Administration for Children and Families (ACF). Within ACF, OCSE central office and regional office staff develop policy and oversee the state-administered programs. Figure 1.1 illustrates the partnership arrangements among key players involved in overseeing and administering the child support enforcement program.

⁸The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 eliminates the requirement to pass the first \$50 of child support to families receiving AFDC.

Figure 1.1: The Federal/State Partnership in the Child Support Enforcement Program



The child support enforcement program envisions an aggressive federal role in ensuring that states provide effective child support services. Federal law requires OCSE to establish standards for state program effectiveness and to monitor the operation of state programs through periodic audits. To help ensure program effectiveness, OCSE has the authority to assess financial penalties if an audit reveals that a state has failed to meet certain program standards. Among other functions, regional office staff review state child support enforcement plans to ensure consistent adherence with federal requirements. OCSE also is authorized to work with the states to help them plan, develop, design, and establish effective programs. In addition, OCSE is responsible for maintaining effective working relationships with federal, state, and local government officials; national interest groups; and other key stakeholders in the child support field.

State child support enforcement agencies are responsible for all activities leading to securing from noncustodial parents financial support and medical insurance coverage for children. The agencies provide four principal services: (1) locating absent parents, (2) establishing paternity, (3) obtaining and enforcing child support orders, and (4) collecting support payments. To meet federal requirements and receive federal

funds, state child support enforcement programs must have HHS-approved plans indicating compliance with federal law and regulations and must operate in accordance with those plans. HHS can levy financial penalties against states found substantially out of compliance with their plan.

There are significant differences in the ways state child support enforcement programs are organized, which state organization they report to, what relationships exist between the child support enforcement program and other state agencies, and the policies and procedures that are followed. These characteristics usually vary by the type of service delivery structure, levels of court involvement required by state family law, population distribution, and other variables. For example, some state child support agencies operate their programs with state funds through a network of regional offices, while others share the federal funding with and supervise county and other local jurisdictions' operations.

The child support enforcement funding structure was designed to share program costs between the federal and state governments. The federal government matches 66 percent of states' administrative and certain management information systems development costs⁹ and 90 percent of laboratory costs related to paternity establishment. The federal government also pays incentives to states for collection efficiency. These incentives are calculated separately for AFDC and non-AFDC collections by dividing the amount collected for each category by total program administrative costs. On the basis of these calculations, states with higher ratios of collections to program costs receive more incentive funds than states with lower ratios. Incentive payments for AFDC collections range from amounts equal to 6 to 10 percent of the collections. Incentive payments for non-AFDC collections also range from 6 to 10 percent of non-AFDC collections but cannot be greater than 115 percent of the AFDC incentive payments. These incentive payments are funded from the federal portion of recovered AFDC collections. States must share incentives with local governments that bear some of the program's administrative costs. However, states may use the incentive payments and AFDC recoveries to fund programs other than child support enforcement.

⁹The federal government reimburses states for 90 percent of their management information systems' development costs incurred or planned before fiscal year 1996.

GAO-Reported Management Challenges

We reported earlier¹⁰ that clear federal management strategies coupled with state management efforts could better position the child support enforcement program to serve the families that depend on it. The increase in children needing support has focused attention on federal and state efforts to enforce parental responsibilities to support their children. However, these efforts have been hampered by management weaknesses, such as the lack of programwide planning and accurate data, that have kept OCSE from developing specific strategies for contributing to improved program performance and judging how well the program is working. We also reported that OCSE had reduced the level of technical assistance it provided to state programs following reductions in federal program resources. Various organization and staffing changes reduced the number of federal staff assigned to the child support enforcement program, thereby creating communication problems between federal and state program officials. OCSE audits and data collection efforts, while satisfying legal requirements for monitoring and tracking the states' programs, did not provide either OCSE or the states with adequate information on program results. Moreover, we reported that federal incentive funding was not sufficiently aligned with desired program outcomes.

On the basis of these and other findings, we made several recommendations to the Secretary of HHS to focus management of the child support enforcement program on results. These recommendations address four key program areas for which OCSE has responsibility: (1) strengthening its partnership with state child support programs, (2) developing its own management strategies for how it will contribute to improved program results, (3) reorienting its audit processes to assess state results, and (4) realigning federal incentive funding with state performance. OCSE said it would address our recommendations in the course of its implementation of the Government Performance and Results Act (GPRA) of 1993, legislation that focuses federal departments' and agencies' management on program results.

GPRA Provides Opportunity for OCSE to Manage for Results

GPRA requires federal agencies to reorient program management toward results. Traditionally, federal agencies have used factors such as the amount of program funds, the level of staff deployed, or the number of tasks completed as measures of performance. By only using these kinds of measures, an agency has not considered whether its programs have produced real results. Today's environment is more results-oriented. The Congress, executive branch, and the public are beginning to hold agencies

¹⁰GAO/HEHS-95-24, Dec. 27, 1994.

accountable less for inputs and outputs than for outcomes, such as how programs affect participants' lives.

Under GPRA, federal agencies are faced with reorienting their policies, planning efforts, and operations toward measuring and improving program results. To reorient federal planning and management, GPRA requires federal agencies to (1) define their mission and desired outcomes, (2) measure performance, and (3) report performance information as a basis for making management decisions.¹¹ The first step—defining mission and desired outcomes—requires agencies to develop strategic plans containing mission statements and outcome-related strategic goals. The Environmental Protection Agency, for example, launched the National Environmental Goals Project, a long-range planning initiative under which it involved stakeholders in developing measurable goals, such as managing and cleaning up radioactive waste, for the agency to pursue in improving the quality of the nation's environment. The second step—measuring performance—requires agencies to develop annual performance plans with annual performance goals and indicators to measure performance. The National Oceanic and Atmospheric Administration, for example, set up a method to measure its performance by measuring changes in the lead time it gives the public before severe weather events. The third step—reporting performance information—requires agencies to prepare annual performance reports with information on the extent to which they have met their annual performance goals. To implement this step, the Department of Veterans Affairs initiated efforts to provide caregivers improved medical outcomes data to use in improving services to veterans.

To begin implementing GPRA, the Office of Management and Budget (OMB) designated 68 pilot tests for performance planning and reporting in 26 federal entities. OCSE was one of the federal agencies selected by OMB in 1994 to undertake a pilot test.¹² OMB based its selection of OCSE, in part, on OCSE's previous efforts to develop a 5-year strategic plan; its ability to quantify program goals, such as child support collections; and the involvement of state and local governments as key program administrators.

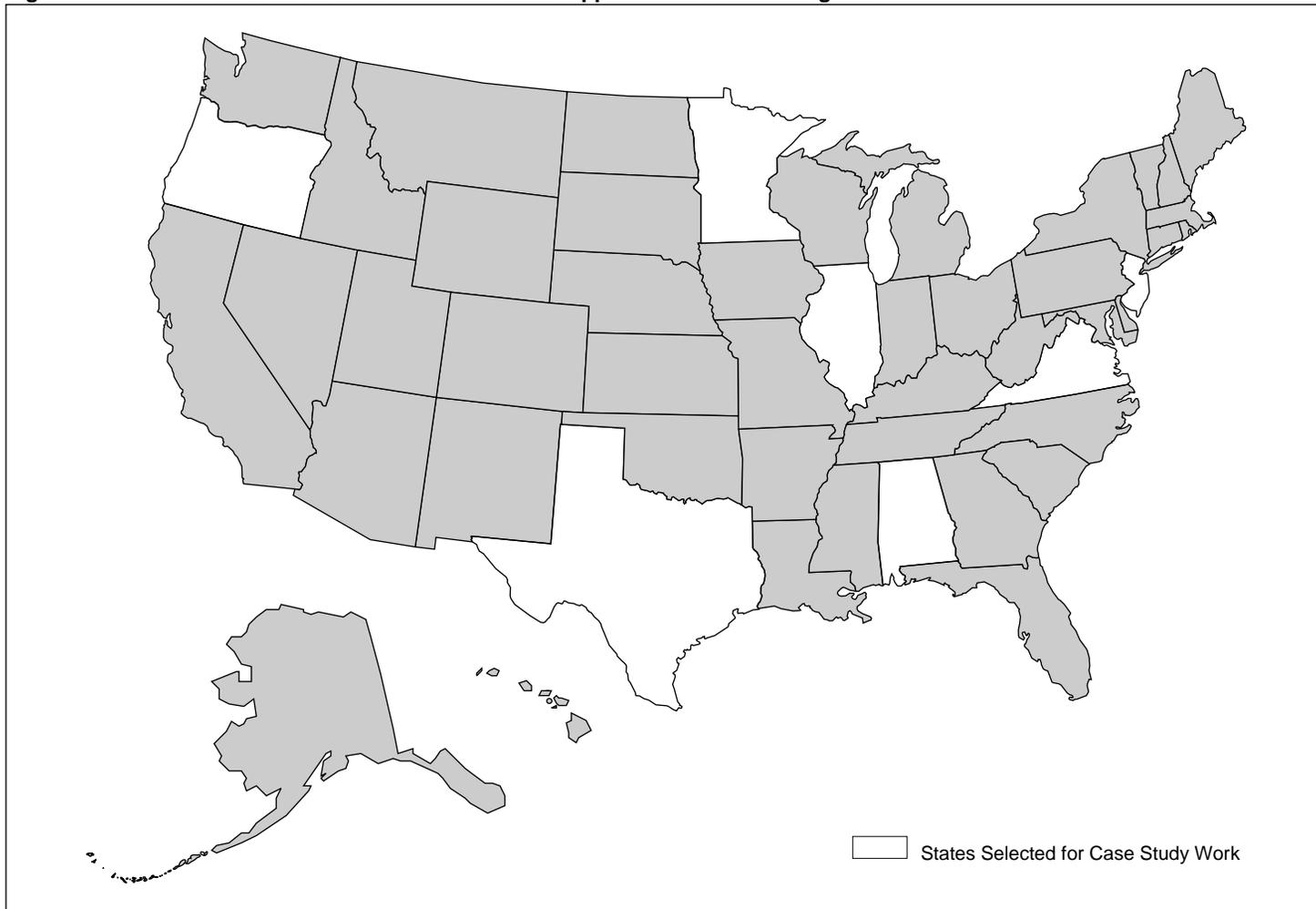
¹¹These steps and related critical practices are described in more detail in GAO/GGD-96-118, June 1996.

¹²OCSE also selected 27 states, two counties, two cities, and Puerto Rico to operate local GPRA demonstration programs intended to place greater emphasis on desired program outcomes. Appendix I describes the state and county demonstration programs operated in the states we selected for case study work.

Scope and Methodology

To review OCSE's progress made toward implementing our previous recommendations, we examined OCSE program management and conducted case studies in seven states (see fig. 1.2). We interviewed OCSE central office and regional staff and obtained relevant documentation to discuss and analyze management initiatives undertaken since our previous review. We also interviewed state and local program officials to obtain their perspectives on any recent changes in their interactions with OCSE. Regarding OCSE's implementation of GPRA, we reviewed GPRA documentation, such as strategic plans, performance reports, memoranda, and studies. Our review also included interviews with officials in HHS' Office of the Secretary, ACF, and OMB. In addition, we reviewed changes in OCSE's management policies and practices since our previous report. We did not assess, however, the child support enforcement program results attributable to such changes because of the relatively short period of time they had been in effect.

Figure 1.2: States Selected for Case Studies of Child Support Enforcement Programs



The seven case studies we conducted were designed to obtain information on local program priorities and state interactions with OCSE regional and central office staff. We judgmentally selected states that differed in their fiscal health, geographic location, demographics, program administration, status of any state GPRA pilot projects (see fig. 1.3), and management reform initiatives.

Administrators, National Institute for Responsible Fatherhood and Family Development, and Association for Children for Enforcement of Support—to obtain their views on implementation of the child support enforcement program. Appendix II contains a profile of selected program and demographic data for each state included in our review.

Table 1.1: HHS Regional Offices Contacted and the Corresponding State or Local Child Support Enforcement Programs

| Regional office (location) | Corresponding programs |
|-----------------------------------|---|
| Region II (New York) | New Jersey, New York, Puerto Rico, and Virgin Islands |
| Region III (Philadelphia) | Delaware, District of Columbia, Maryland, Pennsylvania, Virginia, and West Virginia |
| Region IV (Atlanta) | Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, and Tennessee |
| Region V (Chicago) | Illinois, Indiana, Michigan, Minnesota, Ohio, and Wisconsin |
| Region VI (Dallas) | Arizona, Louisiana, New Mexico, Oklahoma, and Texas |
| Region X (Seattle) | Alaska, Idaho, Oregon, and Washington |

We conducted our review from June 1995 through August 1996 in accordance with generally accepted government auditing standards. HHS provided comments on a draft of this report. These comments are presented and evaluated in chapter 4 and included in appendix III. We also obtained comments from states selected for our case studies. Their suggested revisions and technical comments from HHS were included in the report as appropriate.

Federal/State Partnership Strengthened; OCSE Needs Its Own Strategies to Manage for Results

OCSE has made progress in reorienting its management toward program results by working with the states to develop national goals and objectives for increasing the number of paternities established, support orders obtained, and collections received. Through this joint planning process, OCSE has also strengthened its partnership with state child support enforcement programs. The partnership was further strengthened by OCSE's designating regional staff to provide technical assistance responsive to local needs. As a next step in its planning process, OCSE needs to develop its own long-term strategies for how it will help achieve the national goals and objectives, in addition to annual performance agreements established for top managers.

OCSE and the States Developed National Goals and Objectives and Strengthened Their Partnership

In February 1995, OCSE and the states developed and approved a strategic plan with national goals and objectives for the child support enforcement program. In our earlier review, we found that OCSE's planning efforts had not focused on overall program goals. Except for paternity establishment, the program lacked long-term goals and objectives. In addition, OCSE had not sought input from its state partners, leading to uncertainty and frustration among state officials regarding the future direction of the program and their lack of participation in program planning.

National Program Goals and Objectives Established

Recognizing the need to improve its planning process and working relationships with states, OCSE sought to reorient its management focus toward program outcomes and involve states in the development of program goals and objectives. GPRA provided legislative impetus for OCSE to initiate a new management orientation intended to look beyond traditional management and planning priorities, such as process-oriented tasks and activities. In 1994, as the first step in this long-term process, OCSE specified performance levels that states were expected to achieve in such areas as paternities established and collections received. However, state program officials strongly objected to this mandate, because they did not have an opportunity to participate in this planning process.

Following these initial planning efforts, OCSE sought to obtain wider participation from program officials at the federal, state, and local levels of government. In addition, OCSE established task forces consisting of federal, state, and local officials to help focus management of the program on long-term goals. OCSE regional officials also worked with states to help reorient program management toward results. During the planning process, participants agreed that the national goals and objectives would

be based on the collective suggestions of the states and that the plan's final approval would be reached through a consensus. After reaching consensus, OCSE and state program officials for the first time approved mutually acceptable goals and objectives, as shown in table 2.1.

Table 2.1: Child Support Enforcement Goals Developed Jointly by OCSE and State Program Officials

| Program service area | Program goal |
|-----------------------------|---|
| Paternalities established | All children have parentage established |
| Support orders established | All children in child support enforcement cases have financial and medical support orders |
| Collections received | All children in child support enforcement cases receive financial and medical support from both parents |

For each goal, the participants identified interim objectives that, if achieved, would represent progress toward the stated goal. For example, OCSE and the states first agreed to increase the number of paternalities established within 1 year of birth to help meet the goal of establishing paternity for all children with child support enforcement cases.

At the time of our review, OCSE and the states also were developing performance measures, such as the percentage of children in the child support enforcement caseload with paternity resolved, as statistical tools for identifying state progress toward achieving these goals. In addition, OCSE intends to work with states to develop performance standards against which it will assess the quality of state performance, consistent with GPRA.

Performance Agreements With States Attempt to Link National and State Goals

In an effort to achieve the program goals established under GPRA, OCSE has encouraged its regional staff to develop performance agreements with states. These agreements are to specify both general working relationships between OCSE regional offices and state program officials and performance goals for each state. In four states that we visited, regional and state officials negotiated mutually acceptable goals for the agreements. OCSE officials said that by working toward the goals in each agreement, states would help meet the desired national increases in the number of paternalities established, support orders obtained, and collections received.

OCSE officials said, however, that they are limited in using the performance agreements as an effective management tool for fostering improved program performance. They explained that OCSE does not currently have the statutory authority to link federal incentive funding to the achievement of performance goals included in each agreement. OCSE officials also stated

that, until legislation making that link is enacted, they must rely on the good will of states to improve program results. The limitations of the current incentive funding structure are discussed in further detail in chapter 3.

**Federal/State Partnership
Strengthened**

Since our previous review, OCSE and the states have worked to strengthen their partnership. Joint program planning conducted by both OCSE and state officials in 1994 and 1995 has increased the states' influence in developing the national goals and objectives, compared with the level of state involvement we previously reported. During this joint planning, state officials had an opportunity to discuss the challenges that they face as the programs' principal administrators. Child support program officials in five of seven states we contacted generally believe that OCSE made a commitment to work actively with states as partners.

As program partners, state officials had the opportunity to develop, amend, and approve specific program objectives. For example, OCSE and state officials created a Performance Measures Work Group to develop statistical measures for assessing state progress toward achieving the national goals and objectives. The work group, which consists of officials from ACF, OCSE, and state and local child support enforcement programs, met several times in 1995 and 1996 to discuss mutually acceptable performance measures. OCSE also selected 32 local GPRA pilot programs that states and counties believed would strengthen federal/state commitment to improve program results. Appendix I contains a brief description of the five state and county pilot programs operated in the states we reviewed. These pilots cover a broad range of program services and focus state and local program management on goals and objectives similar to those established at the national level.

**OCSE Technical
Assistance Generally
Responsive to State Needs,
but Could Be Better
Targeted in Certain Cases**

To further strengthen its partnership with states, OCSE improved its technical assistance in response to state program needs. In our earlier review of the child support enforcement program, we reported that HHS had experienced workforce reductions in the 1980s, leading to fewer resources in OCSE. As a result, technical assistance and training, which had formed a large part of OCSE efforts to foster improved program results, virtually disappeared. In addition, an HHS-wide reorganization left OCSE with no organizational control over those HHS regional staff serving as contact points for the states on some program matters. Since our previous review, HHS has reorganized staffing assignments in its 10 regional offices

to decentralize program decision-making. As a result, OCSE central and regional office staff, often designated as child support enforcement program managers and specialists, are now providing technical assistance more responsively to state needs.

Program officials in six of seven states included in our review were generally satisfied with the responsiveness of OCSE regional staff. For example, Oregon officials stated that child support enforcement officials in federal Region X have continually provided technical assistance on regulatory interpretations and have sponsored forums to discuss other issues pertaining to customer service and specialized interstate cases. New Jersey program staff also said that they worked closely with OCSE officials in Region II to identify state GPRA pilot project strategies, such as processing criminal child support enforcement cases, that could be used to improve the New Jersey program.

On the whole, OCSE officials believe that they have been responsive to state inquiries. In certain cases, several state officials and national interest groups we contacted believe that OCSE could provide more effective guidance or financial support to improve state programs. For example:

- Alabama child support enforcement officials stated it would be helpful if OCSE developed staffing standards, as currently required by federal law, in cooperation with state child support staff. Such standards could be used by states to assist in caseload distributions and workload management.
- In Minnesota, child support officials in four counties believed that, through additional funding, OCSE could promote state and local level development of innovative approaches to service delivery.
- Several national interest groups we contacted believe that OCSE does not actively promote innovative approaches to state program improvement. Representatives from these groups said that OCSE has not fulfilled its role in fostering improved state programs. While the representatives told us that OCSE has assembled relevant program data as a central depository of information, they believe that OCSE should work more closely with states to help foster improved program results.

OCSE Needs to Develop Its Own Strategies to Help Achieve National Goals and Objectives

While OCSE has made notable progress in developing national goals and objectives for the program as a whole and establishing performance agreements with states, as a next step it now needs to develop its own plan for realizing the long-term program goals. As the federal partner in child support enforcement, OCSE has responsibility to help achieve the national goals developed jointly with states. Further, GPRA requires OCSE to develop such strategies by describing the operational processes, skills, technologies, and resources required to meet the program's goals.

As we reported in December 1994, the scope of OCSE responsibilities has grown with each expansion in legislative requirements, such as provisions contained in the Child Support Enforcement Amendments of 1984 and the Family Support Act of 1988. OCSE has undertaken initiatives to address issues as diverse as developing a standardized form for withholding income from noncustodial parents who owe child support to piloting a system for identifying parents' Social Security numbers.

In response to its growing responsibilities, OCSE recognizes the need to establish its own strategies for how it will help achieve newly established program goals. Beginning in 1995, key managers—including the Assistant Secretary for Children and Families, who is also the Director of Child Support Enforcement, and the Deputy Director of Child Support Enforcement—developed their own annual performance agreements in consultation with selected states. These agreements, similar to personnel contracts for the federal government's Senior Executive Service, are intended to hold OCSE senior managers and staff accountable for achieving program goals. For example, the 1996 agreement between the Assistant Secretary and Deputy Director cites the national program goals and a mixture of 52 measurable and abstract process goals that the Deputy Director is required to meet, including promoting "effective asset identification and collection techniques" and continuing "a meaningful dialogue with national public interest groups."

While performance agreements have been developed for its top managers, OCSE also needs to develop its own long-term management strategies for helping to achieve the program goals, prioritize its responsibilities, specify intended results from its operations, and identify measures for assessing its own performance. Unlike long-term management strategies for the organization, the performance agreements specify annual program goals for OCSE's top managers. For example, one such performance agreement indicates that OCSE will promote the review and modification of child support orders to help foster the self-sufficiency of eligible clientele.

Chapter 2
Federal/State Partnership Strengthened;
OCSE Needs Its Own Strategies to Manage
for Results

However, the agreement does not specify how each manager will promote such a tool, how such promotion will contribute toward achieving the national goals, or any performance measures for assessing progress toward meeting the goals through this particular activity. Without its own long-term management strategies for helping to achieve the national program goals, OCSE will be hindered in establishing its priorities and applying its resources in ways that will effectively contribute to improved program results.

OCSE Faces Additional Challenges in Fostering Improved State Program Results

While OCSE has established national goals and objectives through a strengthened partnership with state child support enforcement programs, it faces additional challenges in fostering improved state performance. To help move management of the program toward a more results-oriented focus, OCSE undertook efforts to improve its audit processes, the quality of state-reported data, and the federal incentive funding structure. Beyond these initial efforts, more needs to be accomplished in all three areas in order to further OCSE's reorientation toward managing for results.

Despite Improvements, OCSE Audits Remain Compliance Focused

We reported earlier that OCSE's audit role was focused more on assessing state compliance with federal program requirements than on assessing the effectiveness of state programs. Therefore, we recommended that OCSE change its audit function to focus more on state program results. While compliance audits are needed, program results audits, in contrast, would (1) measure state progress toward accomplishing the national goals; (2) investigate barriers to effective child support enforcement programs; (3) recommend program improvements, when appropriate; and (4) ensure that the data states submit on their performance are accurate and comparable across states.

OCSE Primarily Audits States' Compliance With Program Requirements

Currently, OCSE's audits, which include a substantial compliance review and several more specialized audits,¹³ remain largely focused on state compliance with federal program requirements. While OCSE officials agreed that their audits, as currently constructed, are insufficient for assessing state program results, they identified several reasons why they do not conduct such program results audits. According to the Director of OCSE's Division of Audit, OCSE cannot use a program results audit until it and the states approve performance measures currently under consideration. He said that once these performance measures are finalized they can then be used as criteria for auditing program results. The Director also indicated that if OCSE was not relieved of its current statutory requirement to conduct the substantial compliance audits, its operations would be strained by having to conduct both compliance and program results audits with limited staff resources. The Director of OCSE's Division of Audit also believed that a penalty provision similar to that used for its substantial compliance audits would be needed to sanction states for poor

¹³The scope of OCSE's substantial compliance audit, conducted at least once every 3 years, covers a broad array of federal regulations intended to determine whether a state's entire child support enforcement program meets federal requirements. OCSE's specialized audits, which include reporting system reviews, audits of undistributed collections, and limited cost reviews, are designed to determine whether a state has met federal requirements in specific areas of program administration.

performance. He said that without a penalty provision, program results audits would be construed by states as merely advisory. Other OCSE officials said that, given their current emphasis on compliance audits, it may be inappropriate to penalize states for poor performance while finding them in compliance with regulatory requirements.

We believe that OCSE can conduct program results audits that would provide states with valuable information to use in improving program results. First, we believe that OCSE could conduct such audits without approved performance measures by using its accumulated knowledge of state practices and results. Once approved, however, performance measures could provide OCSE auditors with additional criteria to assess state progress toward achieving the national goals. Also, program results audits could be conducted at the discretion of OCSE's Director, Division of Audit, considering the history of each state's program, staff workloads, and other factors. In addition, recent welfare reform legislation—the Personal Responsibility and Work Opportunity Reconciliation Act of 1996—requires that states review and report annually on their compliance with federal program requirements. Instead of conducting compliance audits, OCSE is required under the legislation to review the states' compliance reports and provide them with comments, recommendations for corrective actions, and technical assistance. This should reduce OCSE's workload previously associated with compliance audits, thereby making resources available to conduct the program results audits. Finally, we do not believe that penalties are necessary because the intent of such audits would be to help states improve their performance.

OCSE Streamlined Audits and Focused Reviews on State Reporting Systems

While OCSE has not yet audited state program results, it has undertaken other initiatives to improve its oversight of state programs. Previously, states expressed concern about the scope, complexity, and length of time it took to respond to substantial compliance audits conducted by OCSE. At the time of our previous review, OCSE relied on an audit approach that had over 50 compliance criteria. These criteria included 29 for auditing state compliance with federal requirements and 23 to ensure that states provided child support services in accordance with their approved state plans. For these audits, states had to provide the necessary evidence to demonstrate the extent to which they met the applicable criteria. In addition, audits were untimely—sometimes final reports were not issued until 2 years after the period audited. In these cases, the audits were not a useful management tool to states.

In December 1994, OCSE issued final regulations to streamline its substantial compliance audits and make them less burdensome to states. Using a materiality test,¹⁴ OCSE decided that if 90 percent or more of all states met a particular criterion, thus demonstrating general proficiency, that criterion would be deleted from the substantial compliance audit. As a result of eliminating several criteria, these audits have been redefined and now focus on state compliance with service-related criteria.

In addition to its efforts to streamline its audit processes, OCSE has undertaken efforts to assess the accuracy of state data. In our previous report, we recommended that OCSE reexamine its audit role to support accurate state performance reporting. Since our recommendation, OCSE has placed greater emphasis on its reporting system reviews, which analyze the procedures and systems states use to accumulate, record, and report data. Since 1994, OCSE conducted reporting system reviews in 20 states, most of which found that the audited state did not have reliable systems for reporting data accurately and that improvements will be needed as OCSE moves to results-oriented management. To date, OCSE has received responses from six states on actions they have taken to address its findings and recommendations. OCSE suspects that it is possible that other states are taking action to correct problems identified but have not yet provided documentation of these actions. Of those states that have notified OCSE, typical corrective actions include the following:

- establishing procedures requiring periodic reconciliations of collections and expenditure data to ensure accuracy,
- revising states' automated system programming to generate collections data without the need for manual data entry, and
- revising states' reporting format to document the cumulative fees collected from absent parents for the cost of blood testing to determine paternity.

The greater emphasis that OCSE has placed on assessing the accuracy of state-reported data corresponds to its audit role contained in the recent welfare reform legislation. This law requires that OCSE, at least once every 3 years, assess the completeness, reliability, and security of data and the accuracy of state reporting systems.

¹⁴Standards of materiality are defined as the relative importance or relevance of an item included in or omitted from the analysis of operations.

While Efforts Attempt to Resolve Data Problems, Discrepancies Among States Magnify Challenges in Assessing Performance

In addition to the data accuracy issues surfaced through OCSE's reporting system reviews, the lack of comparable data across state and local jurisdictions compounds the challenges OCSE faces in measuring state performance. For example, data discrepancies resulting from differences in the way the states define what constitutes a child support case contribute to the current difficulty of uniformly measuring state performance. In OCSE's move toward results-oriented management under GPRA, quality data that are accurate and comparable will be needed to make performance-based incentive payments to states and management decisions on the future direction of child support enforcement. In addition to the reporting systems reviews, the efforts of OCSE's Performance Measures Work Group to develop a set of GPRA performance measures may also prove useful in improving data quality by bringing about greater comparability in state reporting.

Given the numerous entities that can be involved in state child support enforcement programs, such as courts, hospitals, and other state and county agencies, we earlier reported that OCSE needed universally understood definitions and procedures by which states can collect and report data. As early as 1992, OCSE undertook efforts through its Measuring Excellence Through Statistics (METS) initiative to improve the comparability of state-reported data by developing standard data definitions for key child support enforcement terms, including a definition for what constitutes a child support enforcement case. In the process of developing measures to assess state performance, the Performance Measures Work Group has built upon the work of the METS initiative by incorporating the use of standardized definitions for measuring state performance. For example, measures that have been developed to assess state performance in obtaining support orders require that states use the METS definition of a child support enforcement case to report these data.

In 1996, OCSE requested that states test the data requirements for performance measures currently under development. It asked that states identify differences in how they currently compile and report data and how they would be compiled and reported using performance measures. While at the time of our review no state had yet provided OCSE any substantive feedback on the pilot, OCSE officials said that data requirements for several of the proposed performance measures would require states to obtain data from sources other than those that currently provide information on program factors such as out-of-wedlock births and the location of noncustodial parents.

Federal Incentive Funding Structure Remains Weakly Linked to State Performance

In our previous report, we found that the incentive funding structure has yet to achieve its potential. In practice, all states—regardless of performance—received some incentive payments. Moreover, the amount of incentive payments depends on a state’s collections and program costs and does not reflect success in achieving each of the three program goals, such as establishing paternities and obtaining support orders. Therefore, we previously recommended that OCSE reexamine the incentive funding structure because of its poor linkage to state program outcomes. Today, the incentive funding structure remains weakly linked with state program performance. A new arrangement that considers progress toward achieving the national program goals will be needed in order to foster improved program results.

State child support enforcement programs receive 66 percent of their program costs through federal financial participation and additional funds as a result of the incentive funding policy prescribed by law. In 1995, incentive payments to states were estimated at \$400 million. However, the current incentive funding structure has two major limitations. First, while funding is awarded to states on the basis of a collections-to-cost ratio, the current structure does not consider other program results, such as increased paternities established and support orders obtained. Second, states receive incentive funding equal to at least 6 percent of their collections, regardless of how well or poorly they perform. Therefore, as currently constructed, federal funding does not provide a real incentive for states to improve their performance.

OCSE officials told us that the current incentive funding structure does not provide them an effective means to foster improved program results at the state level. They said, for example, that the performance agreements OCSE currently has with the states to improve program results are unenforceable. Under the existing incentive funding structure, if a state fails to meet or exceed stated goals, OCSE does not have the statutory authority to alter the existing incentive funding scheme to adjust the state’s award consistent with its performance.

The state program officials we interviewed also agree that the current incentive funding structure needs improvement. In designing a new structure, state officials believe that the existing pool of incentive funds should not be reduced and that incentive payments should be based on one or more of several standards, such as improving state performance, surpassing an aggregate level of performance, or completing appropriate corrective actions. State officials also believe that OCSE must help states

meet the standards under a new system and should be held accountable for states' successes or failures. In response to these state views, OCSE officials have continued to work closely with the states to include their priorities in development and approval of the measures used to assess performance of the program. In addition, state officials cited the continued need for uniform data definitions, such as those included in METS, and compliance with program requirements to help ensure that the new system is fair to all states.

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996, when fully implemented, will establish a new incentive funding structure. It requires the Secretary of HHS, in consultation with the states, to develop a new incentive funding structure that provides payments to states based on performance. The Secretary must report details of the new system to the Congress by March 1, 1997. The system developed will become effective for fiscal year 2000; the current structure will remain effective until then. While the legislation requires HHS and the states to develop a new structure, it does not specify the factors on which incentive payments should be based.

Conclusions, Recommendations, and Agency Comments

To date, through implementation of GPRA and other undertakings, OCSE has made notable progress toward establishing a results-oriented framework for the child support enforcement program. While OCSE has additional steps to take, the challenges it faces in managing for results can be met.

The national child support enforcement program, however, continues to face growing service needs without the benefit of knowing how OCSE plans to help achieve the program's newly established goals and objectives. We believe that OCSE should develop its own long-term management strategies, as we had previously recommended, to help meet the national goals and objectives. In accordance with GPRA requirements, OCSE's activities, core processes, and resources should be aligned to support its mission and help it achieve these goals. Through long-term management strategies, OCSE can prioritize its expanding program responsibilities, conduct operations in direct support of the national goals, specify the results anticipated from implementing its strategies, and develop measures for assessing its own performance. By strengthening the linkage between its management strategies and the national goals, we believe that OCSE will be in a better position to foster improved program results.

While OCSE has initiated certain management improvements to establish program goals and strengthen its partnership with states, limitations in its audit processes and the federal incentive funding structure continue to constrain improvements in program results. While we recognize that performance measures have yet to be approved, we continue to believe that OCSE should assess state program performance to identify problems states encounter that inhibit their effectiveness and, when appropriate, recommend actions to help states improve their performance. Once approved, performance measures would help define audit criteria for assessing state performance. Moreover, program results audits could help OCSE respond to state requests for additional information on how to improve program performance.

The incentive funding structure remains weakly linked with state performance. New welfare reform legislation—the Personal Responsibility and Work Opportunity Reconciliation Act of 1996—requires HHS and the states to develop a new incentive funding structure. The act does not specify the factors to be used in assessing state performance. We believe that the structure should be realigned so that incentive payments are earned for progress toward the agreed upon national goals of increasing the number of paternities established, support orders obtained, and collections received. By realigning incentive funding with state

performance, OCSE would be better equipped to reward states for progress toward achieving the national goals.

Recommendations

We recommend that the Secretary of HHS direct OCSE, as part of its GPRA efforts, to do the following:

- Develop its own long-term management strategies, in conjunction with the states, to help increase paternities established, support orders obtained, and collections received. Such strategies should (1) prioritize OCSE's roles and responsibilities, (2) specify results that OCSE anticipates from its prioritized operations, and (3) develop performance measures for assessing its own performance.
- Conduct program results audits of state progress toward achieving the national program goals. These audits should assess the accuracy of state-reported data; investigate barriers to achieving improved program results; and recommend approaches, when appropriate, for states to meet program goals.
- Include payments in the new incentive system, required by recent welfare reform legislation, that are based on state progress toward increasing paternities established, support orders obtained, and collections received.

Agency Comments

HHS provided written comments on a draft of this report (see app. III). HHS generally concurs with our recommendations. The Department expressed its commitment to moving forward in the direction of our recommendation that OCSE develop its own long-term management strategy. It stated that developing longer-term management strategies and program priorities can be beneficial and cited steps OCSE has taken in this direction, such as creating a series of federal/state work groups to address longer-term issues and planning major enhancements to the Federal Parent Locator Service. We are encouraged by the Department's commitment to OCSE developing its own long-term management strategy and by these initial efforts. As OCSE proceeds to fully implement our recommendation, it also should ensure that, as the national office for the child support enforcement program, it has strategies to establish its own priorities, specify anticipated results from its program activities, and develop measures to assess its performance.

In response to our recommendation on program results auditing, HHS commented that with the enactment of welfare reform, OCSE will be required to conduct program results audits. While welfare reform

legislation requires that OCSE verify the accuracy of state-reported data, our recommendation covers several additional steps essential for reorienting OCSE's audit function toward program results. Specifically, program results audits conducted by OCSE should investigate why states have not met performance targets and make recommendations, when appropriate, to assist states in improving their performance.

With regard to our recommendation related to developing a new incentive funding structure, HHS stated that OCSE, through its strategic planning process and the Performance Measures Work Group, has made progress toward revising the basis on which states receive incentive payments. While these steps show promise in strengthening the linkage between the incentive funding structure and state performance, the revised structure, when fully implemented, should base payments on state progress made toward achieving all three program goals as we recommend.

HHS also provided technical comments that we incorporated in the final report as appropriate.

Local Participation in OCSE’s GPRA Pilot Project

OCSE invited state and county governments to begin their own GPRA pilots to help them become familiar with GPRA principles. In response, 27 states, two counties, two cities, and Puerto Rico volunteered to participate by working on projects that focus on specific issues related to the national goals and objectives. For example, some states are focusing on efforts to improve child support collections through employment counseling for noncustodial parents. In certain cases, the local GPRA pilots cover the full range of child support services; other pilots focus on a more narrow set of services, such as locating noncustodial parents. Still other states have initiated demonstrations integrating child support and AFDC program services.

The pilots included in our case studies are briefly described below.

Illinois: Employment Counseling/ “One Stop Shopping”

Illinois proposes to increase the number of support orders enforced and collections received by establishing a unit to address the employment needs of noncustodial parents and to streamline certain program procedures. Procedures that could be streamlined include employment services for noncustodial parents and use of cooperative agreements.

Hennepin County, Minnesota: Measuring Program Performance

Hennepin County initiated a pilot project to test the relationship between federal incentive funding passed through to county child support enforcement programs and performance in several areas, including paternity establishment and the review and adjustment of child support orders.

New Jersey: Sharing Procedures and Case Selection Criteria and Facilitating Paternity Establishment

New Jersey intends to share procedures and case selection criteria with other states in federal Region II to increase the number of criminal cases submitted to the U.S. Attorney’s Office. The state also proposes to develop a birth facility/hospital-based model that permits electronic processing of voluntary paternity acknowledgments, notification of births, parent information, and other data essential to assist in establishing paternity.

Texas: Collocation of Child Support/AFDC Case Processing

Texas plans to improve the information gathered from custodial parents at the time they apply or recertify for AFDC so that state officials have the necessary information to establish and enforce child support when AFDC caseworkers refer cases to child support enforcement officials.

**Virginia: Welfare/Child
Support Interface**

Virginia child support officials proposed a project to develop performance indicators that measure and improve coordination between welfare and child support agencies in rural, suburban, and urban areas.

Selected Program and Demographic Characteristics of Case-Study States

| State (federal region) | Principal state entity administering the program ^a | State- or county-run program | State population (in thousands), 1995 | State per capita income, 1994 | Percent of children in poverty, 1989 | Percent of female-headed households without spouse, 1990 |
|-----------------------------|---|------------------------------|---------------------------------------|-------------------------------|--------------------------------------|--|
| Alabama (IV-Atlanta) | Department of Human Resources | State | 4,253 | \$17,924 | 24.0 | 54.4 |
| Illinois (V-Chicago) | Department of Public Aid | State | 11,830 | 23,607 | 16.8 | 55.2 |
| Minnesota (V-Chicago) | Department of Human Services | County | 4,610 | 22,258 | 12.4 | 64.1 |
| New Jersey (II-New York) | Department of Human Services | County | 7,945 | 27,741 | 11.0 | 46.8 |
| Oregon (X-Seattle) | Department of Human Resources | State | 3,141 | 20,469 | 15.2 | 64.3 |
| Texas (VI-Dallas) | Office of the Attorney General | State | 18,724 | 19,719 | 24.0 | 59.6 |
| Virginia (III-Philadelphia) | Department of Social Services | State | 6,618 | 22,499 | 13.0 | 53.6 |

^aOther entities may also assist in administering the state's child support enforcement program.

Source: State child support programs, U.S. Bureau of the Census.

Comments From the Department of Health and Human Services and Our Evaluation

Note: GAO comments supplementing those in the report text appear at the end of this appendix.



DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of Inspector General

Washington, D.C. 20201

SEP 27 1996

Ms. Jane L. Ross
Director, Income Security Issues
United States General
Accounting Office
Washington, D.C. 20548

Dear Ms. Ross:

The Department has carefully reviewed your draft report entitled, "Child Support Enforcement: Reorienting Management Toward Achieving Better Program Results." The comments represent the tentative position of the Department and are subject to reevaluation when the final version of this report is received.

The Department appreciates the opportunity to comment on this draft report before its publication.

Sincerely,

A handwritten signature in cursive script that reads "June Gibbs Brown".

June Gibbs Brown
Inspector General

Enclosure

The Office of Inspector General (OIG) is transmitting the Department's response to this draft report in our capacity as the Department's designated focal point and coordinator for General Accounting Office reports. The OIG has not conducted an independent assessment of these comments and therefore expresses no opinion on them.

Appendix III
Comments From the Department of Health
and Human Services and Our Evaluation

COMMENTS OF THE DEPARTMENT OF HEALTH AND HUMAN SERVICES ON THE U.S.
GENERAL ACCOUNTING OFFICE'S DRAFT REPORT "CHILD SUPPORT
ENFORCEMENT: REORIENTING MANAGEMENT TOWARD ACHIEVING BETTER
PROGRAM RESULTS," (GAO/HEHS/GGD-96-190)

General Comments

In this draft report, the General Accounting Office (GAO) reviews progress the Department's Administration for Children and Families (ACF) has made in implementing management tools the GAO recommended in an earlier report [Child Support Enforcement: Families Could Benefit From Stronger Enforcement Program (GAO/HEHS-95-24, Dec. 27, 1994)]. Work on the draft report began soon after the release of this earlier report enabling the GAO to track the Office of Child Support Enforcement's (OCSE) rapid implementation of those recommendations and additional OCSE actions taken to improve program and management performance. GAO should update their report to reflect all changes to the OCSE program under the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA).

GAO Recommendation:

The GAO recommends that the Secretary of HHS direct OCSE, as part of its GPRA efforts, to develop its own long-term management strategy, in conjunction with the states, to help increase paternities established, support orders obtained, and collections received. Such a strategy should (1) prioritize OCSE's roles and responsibilities, (2) specify results OCSE anticipates from its prioritized operations, and (3) develop performance measures for assessing its own performance.

Department Comment:

On page 5 of the draft report, the GAO acknowledges "OCSE is making progress in reorienting its management of the child support enforcement program toward program results...(with)...5-year national goals and objectives...(and with)...negotiated voluntary performance agreements with states...." The report continues on page 9 to recognize that, in response to recommendations in GAO's report of December 1994,"...OCSE established for its top managers annual performance agreements that are intended to hold managers and staff accountable for implementing certain tasks and responsibilities,...." GAO now recommends that OCSE develop a long-range planning system, beyond 1 year.

We appreciate recognition for these achievements. Working in a newly developed partnership with State governments who are responsible for administering diverse child support enforcement programs on a day-to-day basis, represents a culture change of great magnitude. We agree that developing longer-term management strategies and program priorities can be beneficial; we have already begun to take important steps in this direction.

Going back many months, we began to expand our focus on the longer

See comment 1.

Now on p. 3.

Now on p. 5.

Appendix III
Comments From the Department of Health
and Human Services and Our Evaluation

Page 2

term through the creation of a series of State/Federal partnership work groups. These groups are addressing immediate and short-term needs as well as longer term objectives (e.g., customer satisfaction surveys, including State agency assessments of OCSE's performance). With the recent enactment of welfare reform legislation, many activities are getting underway or being expanded with a multi-year time horizon. The issuance of regulations and bringing into being the major components of an enhanced Federal Parent Locator Service are but two illustrations.

The Department is committed to moving forward in the direction suggested by GAO, building upon prior efforts and cooperative relationships and using implementation of the child support provisions of welfare reform as the centerpiece.

GAO Recommendation:

The GAO recommends that the Secretary direct OCSE, as part of its GPRA efforts, to conduct program results audits of state progress toward achieving the national program goals. These audits should assess the accuracy of state-reported data; investigate barriers to achieving improved program results; and recommend approaches, when appropriate, for states to meet program goals.

Department Comment:

The results-oriented audits recommended in the GAO report were initially proposed by the Clinton Administration in 1994. With the enactment of welfare reform, which also includes these audits, our focus will be timely and effective implementation of the new approach set forth in statute.

GAO Recommendation:

The GAO recommends that the Secretary direct OCSE, as part of its GPRA efforts, to develop a new incentive funding structure that bases incentive payments on state progress toward increasing paternities established, support orders obtained, and collections received.

Department Comment:

Here again, the recommendation is fully consistent with the thrust of Administration legislative proposals first advanced in 1994. Much progress has already been made with our State partners through the strategic planning process and the deliberations of a performance measures work group. We have already begun to build on this foundation looking toward the submission of a report to Congress by March 1, 1997.

See comment 2.

See comment 3.

GAO Comments

1. We are encouraged by HHS' commitment to OCSE developing its own long-term management strategy and by these initial efforts. As OCSE proceeds to fully implement our recommendation, it also should ensure that, as the national office for the child support enforcement program, it has strategies to establish its own priorities, specify anticipated results from its program activities, and develop measures to assess its performance.
2. While welfare reform legislation requires that OCSE verify the accuracy of state-reported data, our recommendation covers several additional steps essential for reorienting OCSE's audit function toward assessing state program results. Specifically, program results audits conducted by OCSE should investigate why states have not met performance targets and make recommendations, when appropriate, to assist states to improve their programs.
3. Steps taken by OCSE and the states to strengthen the linkage between the incentive funding structure and state performance show promise toward revising the basis on which states receive incentive payments. As a pivotal element in reorienting program management toward results, the revised structure when fully implemented should base payments on state progress made toward achieving all three program goals as we recommend.

GAO Contacts and Staff Acknowledgments

GAO Contacts

Mark E. Ward, Evaluator-in-Charge, (202) 512-7274
David P. Bixler, Assistant Director, (202) 512-7201

Staff Acknowledgments

In addition to those named above, the following individuals made important contributions to this report: J.C. Mihm directed our work on implementation of GPRA; Gregory Curtis and Kevin C. Malone designed project tasks, conducted interviews, analyzed data, and wrote sections of the report; James P. Wright provided guidance on methodological and analytical issues; Kevin M. Kumanga, Catherine V. Pardee, Christopher D. Morehouse, and Lisa R. Shames offered their perspectives on program management derived from past GAO work; and Dayna K. Shah and Mary W. Reich provided legal assistance.

Appendix IV
GAO Contacts and Staff Acknowledgments

Appendix IV
GAO Contacts and Staff Acknowledgments

Related GAO Products

Child Support Enforcement: States' Experience With Private Agencies' Collection of Support Payments (GAO/HEHS-97-11, Oct. 23, 1996).

Executive Guide: Effectively Implementing the Government Performance and Results Act (GAO/GGD-96-118, June 1996).

Managing for Results: Achieving GPRA's Objectives Requires Strong Congressional Role (GAO/T-GGD-96-79, Mar. 6, 1996).

Child Support Enforcement: States and Localities Move to Privatized Services (GAO/HEHS-96-43FS, Nov. 20, 1995).

Managing for Results: Status of the Government Performance and Results Act (GAO/T-GGD-95-193, June 27, 1995).

Child Support Enforcement: Opportunity to Reduce Federal and State Costs (GAO/T-HEHS-95-181, June 13, 1995).

Child Support Enforcement: Families Could Benefit From Stronger Enforcement Program (GAO/HEHS-95-24, Dec. 27, 1994).

Managing for Results: State Experiences Provide Insights for Federal Management Reforms (GAO/GGD-95-22, Dec. 21, 1994).

Child Support Enforcement: Federal Efforts Have Not Kept Pace With Expanding Program (GAO/T-HEHS-94-209, July 20, 1994).

Improving Government: Actions Needed to Sustain and Enhance Management Reforms (GAO/T-OCG-94-1, Jan. 27, 1994).

Ordering Information

The first copy of each GAO report and testimony is free. Additional copies are \$2 each. Orders should be sent to the following address, accompanied by a check or money order made out to the Superintendent of Documents, when necessary. VISA and MasterCard credit cards are accepted, also. Orders for 100 or more copies to be mailed to a single address are discounted 25 percent.

Orders by mail:

U.S. General Accounting Office
P.O. Box 6015
Gaithersburg, MD 20884-6015

or visit:

Room 1100
700 4th St. NW (corner of 4th and G Sts. NW)
U.S. General Accounting Office
Washington, DC

Orders may also be placed by calling (202) 512-6000
or by using fax number (301) 258-4066, or TDD (301) 413-0006.

Each day, GAO issues a list of newly available reports and testimony. To receive facsimile copies of the daily list or any list from the past 30 days, please call (202) 512-6000 using a touchtone phone. A recorded menu will provide information on how to obtain these lists.

For information on how to access GAO reports on the INTERNET, send an e-mail message with "info" in the body to:

info@www.gao.gov

or visit GAO's World Wide Web Home Page at:

<http://www.gao.gov>

**United States
General Accounting Office
Washington, D.C. 20548-0001**

**Bulk Rate
Postage & Fees Paid
GAO
Permit No. G100**

**Official Business
Penalty for Private Use \$300**

Address Correction Requested

